

REFORMING THE STRUCTURE OF U.S. FOREIGN ASSISTANCE

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We are all members of the Council on Foreign Relations (CFR); however, the views expressed in this document should not be ascribed to the Council. We all have considerable experience with the structure of international organizations, generally, and with the U.S. Government's foreign assistance apparatus, in particular. We have followed with great interest the work of the Helping to Enhance the Livelihood of People Around the Globe Commission (the HELP Commission), and some of us participated in a recent meeting at the Council with the Chair and Vice Chair of the HELP Commission.

We recommend that the members of the HELP Commission and, ultimately, the members of Congress endorse the establishment of an independent Cabinet-level poverty-focused Department of Global Development to set budgets and policy for and coordinate all U.S. foreign assistance.

In urging this structural reform, we know that the HELP Commission is making what we regard as very persuasive arguments for enhanced effectiveness of global poverty reduction and well-coordinated U.S. initiatives in development assistance. Therefore, in this paper, we do not restate these important arguments but address only the recommended structure for U.S. Government development aid.

In our considered judgment, only independence and full Cabinet-level status will give development aid the hearing it deserves at the highest levels of the U.S. Government and make possible the resources it requires. Effective policy for and coordination of U.S. foreign assistance will be possible only if all the disparate elements of U.S. foreign assistance are brought together into one central agency. A clear long-term focus on poverty will permit much more effective and efficient distribution of precious development dollars.

For nearly fifty years after the creation of the United States Agency for International Development (USAID), the organization of foreign assistance within the U.S. Government has alternated between increasing independence, on the one hand, and increasing integration into the State Department on the other. Executive branch action has led to significant but often transitory changes to the U.S. foreign assistance structure. For example, although President Jimmy Carter created the International Development Cooperation Agency, President Ronald Reagan later diminished its role before Congress ultimately abolished it. Recent actions by President George W. Bush to put more development functions into the State Department and to integrate USAID more fully into the State Department are already generating criticisms in Congress that may well lead to future reversal.

Moreover, there is broad recognition, within the public policy community, of the fractured and uncoordinated structure for U.S. Government programs for economic and technical assistance to developing countries. For example, a 2007 CSIS bipartisan Commission on *Smart Power*, chaired by Richard L. Armitage and Joseph S. Nye, Jr., points to “[m]ore than 50 independent organizations of the U.S. Government...currently pursuing more than 50 foreign assistance objectives” and calls for the next president to “take action to build greater coherence for America’s development assistance.” Similarly, in 2004, the Center for Global Development’s *Report of the Commission for Weak States and US National Security*, authored by Jeremy M. Weinstein, John Edward Porter and Stuart E. Eizenstat, called for “establishing an integrated development strategy and implementing it within a single, Cabinet-level development agency.” In a 2006 Brookings-CSIS bipartisan task force study on *Transforming Foreign Aid for the 21st Century*, Lael Brainard concludes: “Only a new cabinet agency will be able to boost the stature and morale of the development mission.... Only an independent department will be able to realize the president’s vision of elevating development as the third pillar, alongside diplomacy and defense, underpinning America’s international leadership.”

Given the many urgent, immediate and competing priorities that are included within the mandate of the State Department, we believe that poverty elimination and long-term development of poor countries will never receive the focus required if USAID and U.S. foreign assistance are essentially subordinate to the State Department. After nearly fifty years at the center of a bureaucratic tug of war, USAID, as currently constituted, is neither equipped nor does it have the political and bureaucratic clout to lead or even coordinate all U.S. foreign assistance programs. Yet, leaving many important development functions spread across multiple agencies – ranging from the Department of Agriculture (food aid) to the Treasury Department (US policy toward the World Bank) to the Department of Defense (security and development in belligerent situations) to the State Department (security and diplomacy) – makes effective coordination impossible.

A new Department of Global Development would bring together under one roof the foreign assistance and poverty-focused activities now scattered throughout the U.S. Government. With Cabinet status, such Department would likely attract politically influential leaders who would have direct access to the President, and it would likely serve as an important ally of the Secretary of State, within the overall Cabinet, on critical international issues. A Department of Global Development would also make possible more effective development strategies with clear performance outcomes that are linked to country-driven approaches.

The United Kingdom's Department of International Development, established in 1997, provides a decade of experience – most of it applauded by international observers – of combining, under the direction of a British Cabinet-level minister, delivery of aid to developing countries. DFID has responsibility for analyzing the impact in these developing countries of other British Government policies, such as trade, prevention of conflict, and environmental protection. The U.K.'s experiences can be a useful model in developing a similar voice for development within the U.S. Government.

As foreign assistance becomes even more central to America's role in the world, the structure of our Government must be updated to reflect this new priority. By recommending an independent Cabinet-level poverty-focused development Department, the HELP Commission can set the stage for the next president and strengthen America's capacity to respond to the serious global challenges posed by extreme poverty, disease and lack of education, as well as by humanitarian emergencies, instability and other development challenges.

* During the Carter Administration, Sheila Avrin McLean was the first General Counsel of the International Development Cooperation Agency, which was a reorganization of the foreign aid functions of the Executive branch into a separate Agency that reported to the President with a dotted line to the Secretary of State but not as a Cabinet-level Agency. Ms. McLean, a Yale Law School graduate who is currently a strategy consultant, has advised extensively on the structure of international organizations and international non-governmental organizations.

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